

**STATE OF VERMONT
STATE TREASURER'S OFFICE
133 STATE STREET
MONTPELIER, VERMONT 05633-6200**

**REQUEST FOR PROPOSAL
TO PROVIDE MERCHANT BANK CARD
SERVICES TO THE STATE OF VERMONT**

RFP120_2003

ISSUE DATE: May 1, 2003

DATE OF BID OPENING: May 20, 2003

TIME OF BID OPENING: 3:00 P.M.

**CONTACT PERSON: Skip Perkins, Financial Operations Dir
802/828-5193 or sperkins@tre.state.vt.us**

**LOCATION OF BID OPENING: Vermont Treasurer's Office
133 State St.
Montpelier, VT 05633-6200**

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1.0 General and Administrative Information

1.1 Scope of Request

- 1.11 The State Treasurer's Office is seeking proposals from qualified contractors to provide Merchant Bank Card Services to the State of Vermont.
- 1.12 A committee consisting of representatives from the State Treasurer's Office will review RFP responses.
- 1.13 We anticipate that the contract will commence on July 1, 2003.

1.2 Issuing Office.

This Request for Proposal is issued by the State Treasurer's Office, 133 State Street, Montpelier, VT 05633-6200.

1.3 Issue Date.

May 1, 2003

1.4 Contractor Bidding Information.

- 1.4.1 This Request for Proposal contains specifications for the response. Contractors are required to quote the services as specified. These specifications are mandatory and must be satisfied by contractors to be considered responsive.
- 1.4.2 Contractors must respond to all parts of the proposal. The State reserves the right to award one or more contracts but does not foresee any need to do so in this case.
- 1.4.3 All proposals will be screened for general acceptability and compliance with the RFP requirements. If there is insufficient information to evaluate a specific feature, it will be assumed that the feature will not be supplied. It is in a contractor's best interest to be as thorough as possible in responding to this RFP.
- 1.4.4 The State reserves the right to reject any or all responses or parts of responses to this RFP.

1.4.5 Method of Award: Proposals will be evaluated and an award will be made that represents "the best interest of the State". For the final selection(s), the State will consider the contractor's reliability, service capability, ability to meet the RFP requirements and Contractor Requirements contained in Attachment B, and cost. The low dollar contractor will not automatically be awarded a contract.

1.4.6 The winning contractor's proposal will become part of the final contract.

1.4.7 The State Treasurer reserves the right to cancel any contract awarded as a result of this RFP for cause, subject to written notice of no less than 30 days.

1.5 Contractor Communications.

Prospective contractors may submit question(s) in writing or e-mail to the attention of: Skip Perkins, State Treasurer's Office, 133 State Street, Montpelier, VT 05633-6200. Questions may also be faxed to (802) 828-2772. Please include a contact name and fax number or e-mail address for the State to use in responding to questions.

All questions must be received no later than Friday, May 9, 2003. The Treasurer's Office will respond no later than Tuesday, May 13, 2002 to the indicated contact at the designated fax number or e-mail address. All questions and answers will be shared with all prospective contractors.

1.6 Closing Date and Time.

1.6.1 The closing date and time for the receipt of the proposals is 2:00 PM on Monday, May 19, 2003. The date and time is considered to be the local time of receipt at the State Treasurer's Office, 133 State St., Montpelier, VT 05633-6200.

1.6.2 Proposals or unsolicited amendments submitted after the designated date and time will not be accepted and will be returned to the contractor. Contractors are cautioned that it is their responsibility to originate the mailing of bids in sufficient time to insure timely receipt. **Fax proposals will not be accepted.**

1.7 Proposal Submission.

An original and three (3) copies of each proposal are required. All proposals must be submitted to Skip Perkins, Financial Operations Director, in a sealed package and must be clearly marked:

“RESPONSE TO MERCHANT BANK CARD SERVICES RFP”

1.8 Format of Proposal.

- 1.8.1 Proposals must comply with all of the requirements set forth in this RFP as described in Section 4.0 and must be submitted in accordance with the format described in Section 5.0.
- 1.8.2 Additional materials are acceptable but will be considered useful only as supplemental material and must be enclosed in a separate packet marked “Supplemental Material”.
- 1.8.3 Proposals that do not address all RFP requirements will not be evaluated.

1.9 Attachment B.

The State of Vermont’s “Customary State Contract Provisions” are included with this RFP (see Attachment B) and will become part of any contract issued. Contractors must provide a statement accepting the provisions contained in Attachment C. **Failure to do so may result in disqualification of the proposal from the evaluation process.**

1.10 Taxes.

- 1.10.1 The State is exempt from all state and local government sales taxes and all federal excise taxes. An exemption certificate will be furnished upon request. Please do not include any of these taxes in the price quote.
- 1.10.2 The contractor agrees to pay all Vermont taxes which may be incurred as a result of this contract.

1.11 Statement of Rights.

- 1.11.1 The State of Vermont reserves the right to accept or reject any and all proposals, or parts of proposals, with or without cause. In such event, the contractor making such proposal and submission does so without recourse.
- 1.11.2 The State of Vermont reserves the right to waive technicalities to assure a service providing the greatest benefit to the State.
- 1.11.3 Contractors will not be compensated for efforts in preparing a response to this RFP.

1.12 Confidentiality.

1.12.1 Bids, with the exception of any material deemed confidential by the State as requested by the contractor (see 1.12.3 below), will be open for public inspection after an award is made.

1.12.2 The successful proposal will be incorporated into the resulting contract and will be a matter of public record.

1.12.3 If the proposal includes material which is considered by the contractor to be proprietary and confidential under 1 VSA, Chapter 5, the contractor shall clearly designate the material as such and explain why such material should be considered confidential. The contractor must identify each page or section of the proposal that it believes is proprietary and confidential with sufficient grounds to justify each exemption from release, including the prospective harm to the competitive position of the contractor if the identified material were to be released.

2.0 Project Background

2.1 Statutory Authority

The Office of the State Treasurer is a service and administrative department with most of the duties prescribed by statute. Currently, four state entities have authority to accept payments for goods or services by credit card (Health Department, Vermont Life, Department of Motor Vehicles-2 accounts, Tax Department). At least one department, Fish & Wildlife, expects to begin accepting credit card payments after July 1, 2003. Additionally, a bill as introduced in the House of Representatives (H.162) proposes to authorize all state agencies to receive credit and debit card payments. If this bill is approved it will alter the scope of services described and the Treasurer's Office will send out an addendum to this RFP, with an amended scope.

2.2 Implementation Timeline

The successful contractor will be required to abide by the Project Milestones set forth in Attachment A of this RFP.

2.3 Contracting Agency

The contracting agency is the State Treasurer's Office and services will be conducted under the overall direction of the State Treasurer.

2.4 Meeting Requirements

Services may require on-site meetings, consultations, and appointments in Montpelier, VT, and other state office sites as required.

3.0 Scope of Services.

The contractor shall provide debit and credit card processing services to multiple state agencies with varying requirements; shall ensure timely and reliable authorization of transactions; shall report transactions and other information in a format acceptable to the individual agencies and the State Treasurer's Office; and shall provide economies of scale/volume pricing. The services will not include merchant card services for Internet transactions at this time.

- 3.1** The selected contractor must provide processing for MasterCard and VISA. The acceptance of Discover and American Express will be considered.
- 3.2** The selected contractor must provide for and support the acceptance of debit cards.
- 3.3** The selected contractor shall provide authorization of transactions through the appropriate authorization and settlement networks.
- 3.4** The contractor shall provide gross settlement using the ACH (Automated Clearing House) to designated State bank accounts for all payments and credit records processed. Debits to the State accounts for fees are not permitted, therefore, fees are billed monthly basis to each agency.
- 3.5** The contractor shall ensure that the ACH record provides sufficient identifying information to enable the Treasurer's Office to determine which State agency is to be credited for the funds.
- 3.6** The contractor shall provide research and problem resolution related to transactions and/or settlement discrepancies.
- 3.7** The contractor shall provide daily, weekly and monthly detail and summary reports for each individual agency application to provide the information necessary to receipt the payment to the proper accounts. Reporting capabilities should be flexible to allow the agency the ability to choose a report that is formatted to meet its' needs.
- 3.8** The contractor shall provide a monthly report to the Treasurer's Office summarizing the activity for all agencies by agency, card type, and include gross sales, returns, net sales and transaction counts for all card types.
- 3.9** The contractor shall provide a monthly invoice to each State agency for all transaction costs associated with the payment and credit records processed.
- 3.10** The contractor shall establish merchant numbers and terminal identification numbers for each State agency application that will enable the State agency to identify each location processing transaction.
- 3.11** The vendor shall provide training to agency personnel as required to process credit/debit card transactions.
- 3.12** The vendor shall provide equipment and software as necessary for agencies to process credit/debit cards.

- 3.13** The vendor shall support card processing under the same terms and conditions for agencies that decide to accept credit/debit card payments in the future.
- 3.14** The vendor shall provide settlement to the State such that the proceeds from the payment and credit records are deposited into the State's settlement account no later than 48 hours after the payment and credit records are sent to the agencies.
- 3.15** The vendor must provide customer support and assistance to State agencies and assign an account representative who will be responsible for coordinating all activities necessary to service, train and implement systems with all agencies that come under this agreement.
- 3.16** The vendor must agree to all terms and conditions set forth in the Standard State Contract provisions.

4.0 Minimum contractor Requirements and Evaluation Criteria.

Experience of the vendor and its staff with providing this service, financial stability of the vendor to provide this service and the ability to meet all of the conditions of the standard state contract.

The selection committee will objectively score proposals. Evaluation of proposals will be scored on the basis on the following criteria:

- a. Ability to perform the required services as outlined in the scope of services. This will be determined by general and specific experience in providing these services, a record of past performance of similar work and the qualifications and training of proposed personnel;
- b. A plan for performing the services;
- c. Technical ability to provide the services during the term of the contract, including the availability of personnel, equipment and facilities;
- d. Ability to stay abreast of changing trends in the credit/debit card industry.
- e. Financial stability;
- f. Pricing;
- g. References.

5.0 Proposal Content and Format.

(Please reference item numbers and names for all required response items; for example, "5.1.1 Transmittal Letter".)

The instructions and format for the submission of proposal information are designed to ensure the submission of information essential to the understanding and comprehensive evaluation of the contractor's proposal. There is no intent to limit the content of the proposal in any way, nor inhibit a presentation in other than the contractor's favor. The contractor may include such

additional information or data as may be appropriate but shall not exclude any portion requested in this document. All proposals must contain the following required information:

5.1 General Information.

5.1.1 Transmittal Letter.

The transmittal letter must be in the form of a standard business letter and must be signed by an individual authorized to legally bind the contractor. It must include:

- a. A statement indicating the type of legal entity (corporation, sole proprietorship, etc.) which the contractor represents;
- b. A statement identifying the individuals who were involved in the preparation of the proposal; and,
- c. A statement acknowledging acceptance of all Customary State Contract Provisions further described in Attachment C to this RFP.

5.1.2 State of Vermont Tax Certification Form.

A signed State of Vermont Tax Certification must be included in the proposal response. See Attachment D to this RFP for details.

5.1.3 Company/Contractor Background and Experience.

- a. Provide a brief description of the company, its primary business, years of operation, and financial profile (include an annual report if available).
- b. Describe your company's experience with businesses and governmental agencies in the provision of services described in this RFP, including any special areas of expertise.

5.1.4 References.

Provide the name, address, contact person, and phone numbers of at least three references with whom your company has transacted similar business in the last twelve months.

5.2 Response to Scope of Work.

Comment on your company's ability to complete the work assignment described in Section 3.0 "Scope of Work". Include a complete description of your company's skills and experience specifically related to the work assignment.

5.3 Response to Requirements Section.

5.3.1 Other Project Descriptions

Describe similar engagements your company has undertaken, as defined in Section 4.

5.3.2 Timeline Requirements

State your commitment to the project schedules described in Attachment A or identify any potential problems or issues regarding it.

5.4 Pricing Information.

5.4.1 Total Project Cost

The contractor will provide an accurate and complete estimate of the not-to-exceed amount to complete this project.

5.4.2 Project Cost Details

The contractor will provide a detailed breakdown of how the total project cost was developed, including hourly rates for all employees assigned to the project, their estimated hours of work, and any related non-employee costs or expenses. Include any office space and/or equipment requirements that would need to be provided by the State during the course of the project.

ATTACHMENT A

PROJECT MILESTONE

DATE

RFP Issued or Advertised to Prospective Contractors

Thursday, May 1, 2003

Deadline for Contractor's Questions

Friday, May 9, 2003

Distribution of State's Responses

Tuesday, May 13, 2003

Due Date for all Proposals

Monday, May 19, 2003

Letter of Intent Issued to Selected Contractor

Monday, May 26, 2003

Contract to commence

Friday, July 1, 2003

ATTACHMENT B

CUSTOMARY STATE CONTRACT PROVISIONS

1. **Entire Agreement.** This contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law.** This contract will be governed by the laws of the State of Vermont.
3. **Appropriations.** Customer intends to continue this Agreement for its entire term and to satisfy its

obligations hereunder. For each succeeding fiscal period: 1) Customer agrees to include in its budget request appropriations sufficient to cover Customer's obligations under this Agreement; 2) Customer agrees to use all reasonable and lawful means to secure these appropriations; 3) Customer agrees it will not use non-appropriations as a means of terminating this Agreement in order to acquire functionally equivalent products or services from a third party. Customer reasonably believes that sufficient funds to discharge its obligations can and will lawfully be appropriated and made available for this purpose.

In the event that Customer is appropriated insufficient funds, by appropriation, appropriation limitation or grant, to continue payments under this Agreement and has no other funding source lawfully available to it for such purpose (as evidenced by notarized documents provided by Customer and agreed to by Contractor), Customer may terminate this Agreement by giving Contractor not less than thirty (30) days prior written notice. Upon termination and to the extent of lawfully available funds, Customer shall remit all amounts due and all costs reasonably incurred by Contractor through the date of termination.

4. **No Employee Benefits For Contractor.** The contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, workers compensation or other benefits or services available to State employees, nor will the State withhold any state or federal taxes. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including, but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the contractor, and information as to contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
5. **Independence, Liability.** The Contractor will act in an independent capacity and not as officers or employees of the State.
6. **Insurance.** Before commencing work on this contract the contractor must provide certificates of insurance to show that the following minimum coverage are in effect. It is the responsibility of the contractor to maintain current certificates of insurance on file with the State through the term of the contract.

Workers Compensation: With respect to all operations performed, the contractor shall carry workers compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations
Independent Contractors' Protective
Products and completed Operations
Personal Injury Liability
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence

\$1,000,000 General Aggregate

\$1,000,000 Products/completed products aggregate.

\$ 50,000 Fire Legal Liability

Automotive liability: The contractor shall carry automotive liability insurance covering all motor vehicles, including owned, non-owned, and hired, used in connection with the contract. Limits of coverage shall not be less than: \$1,000,000. Combined single limit.

No warranty is made that the coverage and limits listed herein are adequate to cover and protect the interests of the contractor for the contractor's operations. These are solely minimums that have been set to protect the interest of the State.

7. **Reliance By the State on Representations.** All payments by the State under this contract will be made in reliance upon the accuracy of all prior written representations by the contractor, including bills, invoices, progress reports and other proofs of work.
8. **Records Available for Audit.** The Contractor will maintain all customer records pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this contract.
9. **Fair Employment Practices and Americans with Disabilities Act.** Contractor agrees to comply with the requirements of Title 21, VSA Chapter 5, Subchapter 6, relating to fair employment practices, to the extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this contract. Contractor further agrees to include this provision in all subcontracts.
10. **Set Off:** The State may set off any sums which the Contractor owes the State against any sums due the Contractor under this contract; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.
11. **Taxes Due To The State.**
 - a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income

tax on income earned within the State.

- b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed, the Contractor is in good standing with respect to, or in full compliance with, a plan to pay, any and all taxes due the State.
- c. Contractor understands that payments under this contract may be withheld if the Commissioner of Taxes determines that the Contractor is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State.
- d. Contractor also understand the State may set off taxes (and related penalties, interest and fees) due to the State.

12. Child Support. (Applicable if the Contractor is a natural person, not a corporation or partnership). Contractor states that, as of the date the contract is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or
- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Contractor makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Contractor is a resident of Vermont, Contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

13. Subcontractors. Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other contractor without the prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in accordance with paragraph 11 above.

14. No Gifts or Gratuities. Contractor shall not give title or possession of any thing of substantial value (including property, currency, travel and education programs) to any officer or employee of the State during the term of this contract.

15. Copies. All written documents prepared under this contract will be printed using both sides of the paper.

(End of Customary Provisions)

ATTACHMENT C

STATE OF VERMONT TAX CERTIFICATION

To meet the requirements of 32 V.S.A., §3113, the certification shown below must be completed, signed and returned with your bid. This certification is required by law, and without it, the State of Vermont is not able to issue your company any purchase order or contract that could result from this bid proposal.

The disclosure of your social security or federal identification number is mandatory, is solicited by the authority granted by 42 U.S.C. §405 (c) (2) (c), and will be used by the Department of Taxes in the administration of Vermont tax laws, to identify individuals affected by such laws.

By law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes. 32 V.S.A. § 3113.

The maximum penalty for perjury is 15 years in prison, a \$10,000 Fine, or both.

I hereby certify, under the pains and penalties of perjury, that I am in good standing with respect to, or in full compliance with a plan to pay, any and all taxes due the State of Vermont as of the date this statement is made.

Name of Company (Print or Type)

Federal Identification Number

By (Signature)

Date